Internal File

2006 Annual Report Review

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Permittee:	Canyon Fuel Company						
Mine Name:	Dugout Mine						
Permit Number:	C0070039						
Date Report Received:	3/16/07						
	ONE	Date Completed τ					
Assigned Reviewers:	Ernstsen Biology	February 26, 2008					
	Peter Hess Engineering, Inspection	May 30, 2007					
	Christensen Hydrology SK/	December 12, 2007					

<u>Instructions:</u> The assigned staff will review their respective portions of the Annual report and provide a written determination (findings) on how the mine has or has not met the permit requirements for reporting. If the report is deficient or remedial action is required to obtain compliance, this should be noted and the inspector notified. Once all reviewers have completed the report, they should initial it and a copy will be filed in the Mine Internal File.

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Inspectors:

Review each cover sheet, AVS Legal/Financial, Mine Sequence Maps.

Hydrologists:

Review Water Monitoring Data, Precipitation and Climatological Data, Non-Coal Waste

Biologists:

Review Vegetation/Revegetation Success Monitoring, Raptor Survey

Engineers:

Review Subsidence Monitoring Data, Annual Impoundment Certification, Annual Overburden,

Spoils, Refuse, Floor, etc.

SECTIONS TO REVIEW	SUBMITTED		FINDINGS
Cover Sheet	YES X	NO	Information contained in the four page cover lists all identifying information including various permits and identification numbers issued by both Utah government agencies as well as the U.S. Dept. of Labor / MSHA.
AVS; Legal/ Financial Update		X	Ownership and Control information for this ARCH Coal, Inc. subsidiary is contained in the MRP General Chapter One, which was last updated February 2006.
Mine Sequence Map			The submitted 2007 BASE CASE map of the Dugout Mine shows all areas where primary development and secondary extraction occurred during 2006. Anticipated mining projections through 2011 are also shown. This map of the underground workings is P.E. certified by Mr. David G. Spillman, Manager of Tech Services. The map is current through December 11, 2006.
Water Monitoring Data			No summary report was submitted, however required data was submitted for each quarter in a complete and timely manner. More information regarding the water data may be found in the database (http://linuxl.ogm.utah.gov/cgibin/appx-ogm.cgi), and the quarterly water monitoring reports.

2006 Annual Report Review

SECTIONS TO REVIEW	SUBM YES	ITTED NO	FINDINGS
Precipitation & Climatological Data			The Permittee is not required to submit annual precipitation and climatological data to be submitted to the Division. The approved MRP provides precipitation and climatological data.
Non-Coal Waste report		X	All non-coal waste is hauled from the Mine for permanent disposal at a State permitted landfill.
Subsidence Monitoring Data	X		Monitoring data for twelve points was submitted with the map titled Subsidence Report 2006, which is P.E. certified by Mr. David G. Spillman, Manager of Tech Services. All data collection for this report was performed by Ware Surveying and Engineering, Helper, Utah. The maximum amount of subsidence reported was 4.51 feet at monitoring point GIL-4. GIL-4 exists where the amount of burden undermined is approximately 1300 feet. Seam thickness is approximately 8.5 feet (See plate 2007 BASE CASE). Visual checks for subsidence were also performed by the Permittee in accordance with the approved MRP; this information is also documented within Appendix "D". With the exception of surface cracks observed in the area of degasification well G-7, (which were repaired in accordance with the approved DOGM/BLM plan), there were no surface irregularities or other surface cracks observed.
Annual Impoundment Certification	X		Annual impoundment certifications for the Mine site sediment pond and the waste rock site pond were conducted by the Permittee's Manager of Technical Services during September 2006. There were no signs of structural instability or other hazards observed for either pond during those inspections. The Mine site pond was cleaned during May 2006, and is once again scheduled for cleaning during early summer, 2007.
Annual Overburden, Spoil, Refuse, Floor, etc.	X		Mr. Dave Spillman performs the required quarterly inspection for the Dugout waste rock facility, in accordance with R645-301-514.220. The third quarter 2006 inspection report (September 27, 2006) is contained in the 2006 Annual Report document. There were no signs of instability or other hazards noted in the P. E. certified report. Some high ash coal was recovered by screening at this site, followed by heavy media separation at the Savage Coal Terminal preparation plant (partially owned by CFC). All reject from that process was returned to the Dugout site. The site is maintained in accordance with the requirements of the R645 Coal Mining Rules.
Vegetation Data		х	Not required or submitted as indicated in Annual Report 2006 cover sheet or commitment list.

2006 Annual Report Review

SECTIONS TO REVIEW	SUBM YES	ITTED NO	FINDINGS
Revegetation Success Monitoring		х	Not required or submitted as indicated in Annual Report 2006 cover sheet or commitment list.
Raptor Survey	х		Yes required and submitted as indicated in Annual Report 2006 cover sheet or commitment list
Other Information			

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